

News

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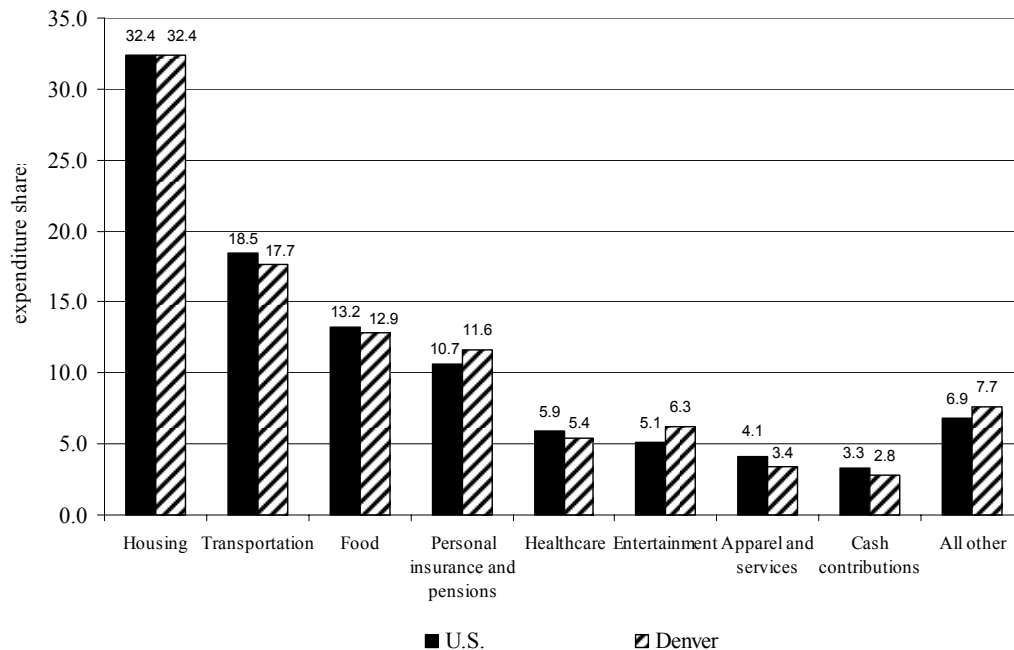
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CONSUMER EXPENDITURES IN THE DENVER METROPOLITAN AREA EXCEED THE NATIONAL AVERAGE, 2003-2004

Consumer units¹ in the Denver, Colorado, metropolitan area spent an average of \$48,719 per year in 2003-2004, a 0.6-percent decrease from 2001-2002, according to results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Stanley W. Suchman noted that despite the slight decrease in overall spending, local expenditures were still 15.5 percent higher than the \$42,166 spent by the typical U.S. household in 2003-2004. Whereas households in Denver spent more than the national average in nearly all spending categories, the shares of their total budget allocated in most categories were within 1.0 percent of the share allocated by the average U.S. household. (See table 1 for expenditure shares.) Entertainment was the exception, with local households spending 1.2 percentage points more of their budget on entertainment than the national average.

Chart 1. Percent distribution of average annual expenditures, United States and Denver MSA,
Consumer Expenditure Survey, 2003-2004



Note: Figures in this chart may not add to 100 percent due to rounding.

¹ See technical note at the end of this report for a definition of consumer unit. The term consumer unit is used interchangeably with household for convenience.

Consumer Spending Patterns in Denver, 2003-2004 (continued)

This report contains annual data averaged over a two-year period, 2003 and 2004. The data are from the Consumer Expenditure Survey (CE), which is collected on an ongoing basis by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The Consumer Expenditure Survey is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. The survey provides average expenditures for consumer units nationally and for selected metropolitan areas. An individual consumer unit may spend more or less than the average, depending on its particular characteristics. Expenditures vary among areas not only because of economic factors such as the prices of goods and services and family income, but also because of differences such as the age of the population, consumer tastes, family size, etc. Therefore, survey dollar amounts cannot be used to make cost of living comparisons between areas. However, expenditure shares, or the percentage of a consumer unit's budget spent on a particular category, can be used to compare spending patterns across areas.

Combined expenditures for food, housing, and transportation accounted for nearly two-thirds (64.1 percent) of the typical U.S. household budget. (See table 1.) The Denver share, at 62.9 percent, was close to the national average. Of three metropolitan areas chosen for comparison to Denver due to their similarities in size and climate – St. Louis, Minneapolis-St. Paul, and Cleveland – households in St. Louis and Minneapolis-St. Paul spend a smaller than average percentage of their budgets (61.3 and 60.8, respectively) on these three major components. Households in Cleveland (64.6) spent slightly more than the national average.

Housing, the largest expenditure category, accounted for 32.4 percent of the budget in both Denver and the nation. The majority of the \$15,762 spent on housing in Denver went for shelter (62.1 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was well above the U.S. average of 58.1 percent. (See table A.) While Denver consumer units spent a larger proportion of their housing budget on shelter, they spent less on utilities, fuels and public services—18.3 percent compared to 21.0 percent nationwide. Minneapolis households allocated an even smaller share (16.0 percent) of their budget to utilities, fuels, and public services. In contrast, when compared to national average expenditures, households in the cities of St. Louis and Cleveland devoted a smaller proportion of their housing expenditures to shelter and more to utilities, fuels and public services. The 66 percent rate of home ownership in Denver was slightly below the national average of 67 percent, while all three cities selected for comparison were above the national average, with St. Louis having the highest rate of home-ownership at 74 percent.

Table A. Percent distribution of selected housing expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2003-2004

Item	U.S.	Denver	St. Louis	Minneapolis-St. Paul	Cleveland
Housing	100.0	100.0	100.0	100.0	100.0
Shelter	58.1	62.1	55.2	58.5	57.4
Utilities, fuels, and public services	21.0	18.3	22.2	16.0	26.1
Household operations	5.3	5.3	6.5	5.2	3.0
Housekeeping supplies	4.1	3.7	3.4	4.1	3.6
Household furnishings and equipment	11.5	10.6	12.7	16.2	9.9

At 17.7 percent of the total budget, transportation was the second largest expenditure category in the Denver area; this was slightly below the national average of 18.5 percent. Among the areas used for comparison, only households in St. Louis (18.8 percent) spent a larger percentage of their total budget on transportation than the national average. Of the \$8,610 annual average expenditures on transportation in Denver, 7.2 percent was spent on public transportation—which includes taxis, buses, trains, and planes—more than the national average share of 5.3 percent. (See table B.) The remaining 92.8 percent of a Denver household's budget for transportation was spent on private vehicle purchases, maintenance, and gasoline. The average of 2.1 vehicles per household in Denver was close to the national average of 1.9.

Consumer Spending Patterns in Denver, 2003-2004 (continued)

Of the other three selected areas, Minneapolis-St. Paul had the highest number of vehicles per household at 2.6, but spent the lowest share of their budget on transportation (16.4 percent).

Table B. Percent distribution of selected transportation expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2003-2004

Item	U.S.	Denver	St. Louis	Minneapolis-St. Paul	Cleveland
Transportation	100.0	100.0	100.0	100.0	100.0
Vehicle purchases (net outlay)	45.7	41.6	52.8	42.1	40.6
Gasoline and motor oil	18.8	16.8	16.2	17.5	18.4
Other vehicle expenses	30.1	34.4	26.6	32.3	37.2
Public transportation	5.3	7.2	4.5	8.1	3.7

Note: Figures in this table may not add to 100 percent due to rounding.

Denver households spent 12.9 percent of their budget on food, close to the national average of 13.2 percent. None of the metropolitan areas selected for comparison had an expenditure share for food exceeding the national average, and of the four, Denver recorded the highest share and Minneapolis-St. Paul (11.7 percent), the lowest. Of the \$6,263 annual food expenditure, households in Denver spent 60.8 percent on food prepared at home, slightly more than the national average of 58.2 percent. (See table C.) Denver households spent the remaining 39.2 percent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs.

Table C. Percent distribution of selected food expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2003-2004

Item	U.S.	Denver	St. Louis	Minneapolis-St. Paul	Cleveland
Food	100.0	100.0	100.0	100.0	100.0
Food at home	58.2	60.8	56.8	54.5	61.5
Food away from home	41.8	39.2	43.2	45.5	38.5

Payments for personal insurance and pensions accounted for 11.6 percent of the typical Denver household's budget, compared to the 10.7-percent share spent nationally. Each of the areas selected for comparison allocated no less than 11.0 percent of their budgets to personal insurance and pensions, with households in Minneapolis-St. Paul well above the national average at 13.2 percent.

Out-of-pocket healthcare expenses—which include health insurance premiums, medical services, drugs (prescription and nonprescription), and medical care supplies—accounted for 5.4 percent of a Denver household's budget, slightly below the 5.9 percent national average.

At 6.3 percent, Denver households allocated a larger share of their budget to entertainment than households nationwide (5.1 percent). Among the other areas selected for comparison, households in Minneapolis-St. Paul also spent a larger portion of their budget on entertainment (6.1 percent), while those in St. Louis (4.7 percent) and Cleveland (4.6 percent) spent slightly less than the nationwide average.

Spending on apparel and related services accounted for 3.4 percent of total expenditures in Denver; the national average was 4.1 percent. St. Louis (4.7 percent) was the only area selected for comparison which allocated a higher than average share of their budget to clothing.

Consumer Spending Patterns in Denver, 2003-2004 (continued)

While the national average expenditure on cash contributions—which include items such as contributions to religious and charitable organizations as well as child support and alimony payments—was 3.3 percent, consumer units in Denver dedicated a smaller share of their budget, giving 2.8 percent. Minneapolis-St. Paul and Cleveland households (2.8 and 2.6 percent, respectively) also spent a smaller than average share of their budgets on cash contributions. Of the four areas selected, households in St. Louis (5.2 percent) allocated the largest share of their budgets to cash contributions.

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Denver is one of 28 metropolitan areas nationwide for which Consumer Expenditure (CE) data are available. Metropolitan areas, Census regions, and national CE data are available on the BLS Internet site at <http://www.bls.gov/cex/home.htm> in both text and PDF formats. For personal assistance or further information on the CE Survey or other Bureau programs, contact the Kansas City Information Office at 816-426-2481 from 9:00 a.m. to 11:30 a.m. and 1:30 p.m. to 4:30 p.m. C.T.

Technical Note

The current Consumer Expenditure Survey (CE) program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in a wide variety of research by government, business, labor, and academic analysts. The data are also required for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components, a diary or recordkeeping survey, and an interview survey. The Diary Survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently-purchased smaller items. The Interview Survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects data for larger-cost items and expenditures that occur on a regular basis. The U.S. Census Bureau collects the survey data.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary Survey. The Interview Survey is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas of the country.

The integrated data from the BLS Diary and Interview Surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, metropolitan area data in this release are not directly comparable to those prior to 1996.

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that

Consumer Spending Patterns in Denver, 2003-2004 (continued)

purchased the item. This study is not intended as a comparative cost of living survey, as neither the quantity nor the quality of goods and services has been held constant among areas.

Differences may result from variations in characteristics such as consumer unit size, age, preferences, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors. The year-to-year changes are volatile and should be interpreted carefully. Sample sizes for the metropolitan areas are much smaller than for the nation, so the U.S. estimates and year-to-year changes are more reliable than those for the metropolitan areas.

Some expenditure components are subject to large fluctuations from one year to the next because these components include expensive items that relatively few consumers purchase each year. Thus, shifts from year to year in the number of consumers making such purchases can have a large effect on average expenditures. Examples of these types of expenses are purchases of new cars and trucks in the transportation component, and spending on boats and recreational vehicles in the entertainment component.

Changes in 2004

Beginning in 2004 the Consumer Expenditure Survey includes imputed income estimates. While the imputed data provide more reliable income estimates because they allow the inclusion of households for which income data are not otherwise available, income data from 2004 forward will not be strictly comparable to earlier years.

This change also affects those expenditure items in the personal insurance and pensions component that are derived from income data. The increase in personal insurance and pensions in 2004 was largely due to increases in deductions for Social Security, which are computed from wage and salary amounts. As a result of the changes in 2004, income data, personal insurance and pensions, and average annual expenditures are not strictly comparable to data from previous years. (See <http://www.bls.gov/cex/csximpute.htm> for details.)

The Metropolitan Statistical Areas (MSAs) and Consolidated Metropolitan Statistical Areas (CMSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The following metropolitan areas are discussed at length in this release:

Denver-Boulder-Greeley, Colo. MSA: Adams, Arapahoe, Boulder, Denver, Douglas, Jefferson, and Weld Counties

Consumer Spending Patterns in Denver, 2003-2004 (continued)

St. Louis, Mo.-Ill. MSA: Clinton, Jersey, Madison, Monroe, and St. Clair Counties in Illinois; Crawford(part), Franklin, Jefferson, Lincoln, St. Charles, St. Louis, and Warren Counties, and St. Louis City in Missouri

Minneapolis-St. Paul, Minn.-Wis. MSA: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties in Minnesota; Pierce and St. Croix Counties in Wisconsin

Cleveland-Akron, Ohio MSA: Ashtabula, Cuyahoga, Geauga, Lake Lorain, Medina, Portage, and Summit Counties in Ohio

Definitions

Consumer unit - members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses - food, housing, and other expenses. The terms household or consumer unit are used interchangeably for convenience.

Complete income reporter - in general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self-employment income, or Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources. Components of income and taxes are derived from “complete income reporters” only through 2003. Beginning in 2004, income imputation was implemented. As a result, all consumer units are considered to be complete income reporters in the 2004 data.

Expenditures - consist of the transaction costs, including excise and sales taxes, of goods and services acquired during the interview or recordkeeping period. Expenditure estimates include expenditures for gifts, but exclude purchases or portions of purchases directly assignable to business purposes. Also excluded are periodic credit or installment payments on goods or services already acquired. The full cost of each purchase is recorded even though full payment may not have been made at the date of purchase.

Income before taxes - the total money earnings and selected money receipts during the 12 months prior to the interview date.

Consumer Spending Patterns in Denver, 2003-2004 (continued)

Table 1. Consumer unit characteristics and percent distribution of expenditures, U.S. and selected metropolitan areas, Consumer Expenditure Survey, 2003-2004

Item	U.S.	Denver	St. Louis	Minneapolis-St. Paul	Cleveland
Number of consumer units (in thousands)	115,819	1,253	1,026	1,259	1,281
Consumer unit characteristics:					
Income before taxes 1/	\$53,109	\$62,990	\$61,082	\$69,717	\$51,796
Age of reference person	48.4	44.7	49.5	47.1	49.1
Average number in consumer unit:					
Persons	2.5	2.5	2.5	2.4	2.5
Children under 18	.6	.7	.6	.6	.6
Persons 65 and over	.3	.2	.3	.2	.3
Earners	1.3	1.5	1.4	1.5	1.4
Vehicles	1.9	2.1	2.1	2.6	1.8
Percent homeowner	67	66	74	73	73
Average annual expenditures	\$42,166	\$48,719	\$47,793	\$55,951	\$37,070
Total (percent)	100.0	100.0	100.0	100.0	100.0
Food	13.2	12.9	12.5	11.7	12.4
Alcoholic beverages	1.0	1.5	1.3	1.4	.9
Housing	32.4	32.4	30.0	32.7	34.0
Apparel and services	4.1	3.4	4.7	4.0	3.2
Transportation	18.5	17.7	18.8	16.4	18.2
Healthcare	5.9	5.4	5.9	5.2	5.8
Entertainment	5.1	6.3	4.7	6.1	4.6
Personal care products and services	1.3	1.3	1.2	1.3	1.2
Reading	.3	.3	.3	.3	.3
Education	2.0	2.1	2.3	2.2	1.9
Tobacco products and smoking supplies	.7	.6	.7	.6	.9
Miscellaneous	1.5	1.9	1.2	2.1	1.9
Cash contributions	3.3	2.8	5.2	2.8	2.6
Personal insurance and pensions	10.7	11.6	11.0	13.2	11.9

1/ Components of income and taxes are derived from "complete income reporters" only through 2003.

Beginning in 2004 income imputation was implemented. As a result, all consumer units are considered to be complete income reporters in the 2004 data.

NOTE: Numbers may not add to 100 due to rounding.

Consumer Spending Patterns in Denver, 2003-2004 (continued)

Table 2. Average annual expenditures, U.S. and selected metropolitan areas,
Consumer Expenditure Survey, 2003-2004

Item	U.S.	Denver	St. Louis	Minneapolis- St. Paul	Cleveland
Average annual expenditures	\$42,166	\$48,719	\$47,793	\$55,951	\$37,070
Food	5,561	6,263	5,976	6,549	4,589
Food at home	3,238	3,805	3,397	3,566	2,824
Cereals and bakery products	451	514	463	509	388
Meats, poultry, fish, and eggs	852	948	920	779	854
Dairy products	349	416	365	431	310
Fruits and vegetables	548	645	548	610	449
Other food at home	1,037	1,281	1,101	1,236	822
Food away from home	2,323	2,458	2,579	2,983	1,765
Alcoholic beverages	425	748	636	761	337
Housing	13,676	15,762	14,330	18,282	12,616
Shelter	7,943	9,790	7,904	10,697	7,237
Owned dwellings	5,294	6,314	5,621	7,552	5,271
Rented dwellings	2,190	3,001	1,652	2,188	1,581
Other lodging	459	475	631	957	385
Utilities, fuels, and public services	2,869	2,878	3,178	2,928	3,287
Household operations	730	836	937	950	384
Housekeeping supplies	562	587	485	748	460
Household furnishings and equipment	1,572	1,670	1,826	2,960	1,248
Apparel and services	1,728	1,656	2,260	2,240	1,180
Transportation	7,791	8,610	8,978	9,202	6,753
Vehicle purchases (net outlay)	3,564	3,583	4,737	3,878	2,744
Gasoline and motor oil	1,466	1,447	1,450	1,610	1,244
Other vehicle expenses	2,348	2,963	2,391	2,972	2,515
Public transportation	413	617	400	742	250
Healthcare	2,496	2,647	2,837	2,928	2,161
Entertainment	2,139	3,048	2,266	3,407	1,695
Personal care products and services	554	613	580	706	428
Reading	129	122	157	192	128
Education	845	1,015	1,117	1,218	719
Tobacco products and smoking supplies	289	308	354	322	346
Miscellaneous	648	929	578	1,184	713
Cash contributions	1,389	1,353	2,484	1,563	980
Personal insurance and pensions	4,496	5,645	5,239	7,398	4,426
Life and other personal insurance	394	333	632	470	295
Pensions and Social Security	4,102	5,312	4,607	6,928	4,131